

Macroeconomic Projections for the MTNDP(2021-2025):

Visioning, Growth Diagnostics and Projections

December 17, 2020

**Presentation of the Central Working Group
by
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Context Setting

Background



Background

This presentation summarises three key reports of the Central Working Group

01

The Vision Document

This describes the vision of Nigeria in the medium to long term as well as underlying assumptions and targets. The visioning document sees Nigeria among top 10 countries in the world by 2050

02

Growth Diagnostics and Binding Constraints

This identifies and prioritises the binding constraints to Nigeria's economic growth process

03

Macroeconomic Framework

This presents the macroeconomic projections for the Medium Term National Development Plan (2021-2025)

A stylized white map of Nigeria is positioned in the top right corner of the slide. The map shows the country's outline, including its major geographical features like the Niger and Benue rivers and the surrounding coastline. The rest of the slide background is a solid blue color.

Visioning of Nigeria

Nigeria's vision in the medium and long term

Medium Term 2021-2025

The Reforming Nigeria –
Driven by Made in
Nigeria

Nigeria becomes a leading
industrialising country and
reforming nation in Africa that
focuses on building its State
Capacity and capabilities

Long Term 2030

The Competitive
Nigeria- Driven by
Inclusive Growth and
Shared Prosperity

Nigeria becomes a socio-
politically cohesive nation that
is resilient to global shocks,
achieves the SDG and lifts 100
million people out of poverty

AGENDA 2050

The Dominant Nigeria –
Driven by Africa's Most
Competitive Leaders &
Workforce

Nigeria becomes a socio-
economically advanced and
industrialised nation. Africa's
most open, competitive,
economically diversified and
inclusive economy

Vision of Nigerian Economy of the future



In the Medium to Long Term, we envision a Nigerian Economy that is:

- Less reliant on oil and gas for revenue and foreign exchange
- Focus on Agricultural Transformation and Food Security
- Guarantee energy sufficiency in power and petroleum products
- Improved Transportation and Other Infrastructures
- An Industrialised and diversified economy (rise in products complexity)
- Improve Health, Education and Productivity of Nigerians
- Enhance Social Inclusion and Reduce Poverty
- Fight Corruption and Improve Governance
- Improve securities for all Citizens
- A Private Sector led economy



Domestic Growth Constraints

Addressing key domestic growth constraints is crucial to realization of a strong, reliant and prosperous Nigeria



Domestic Growth Constraints



Low levels of private investments: Issues relating to uncertainty, challenging business terrain, regulatory lapses among several factors have limited the growth of private sector investments in Nigeria. Key issues here are **high cost of finance, low private savings & poor financial intermediation**.



Market Failure: This entails inefficient distribution of goods and services in Nigeria. Key issues are **information externalities and coordination externalities**.



Government Failure: This looks at several inefficiencies that are occasioned by government interventions. Areas of focus are **macroeconomic instability, weak institutions, corruption and hostile business environment, including security**.



Low Social Returns: Low labour productivity, human capital deficiencies and low quality of infrastructure have been major constraints to Nigeria's economic growth over the years. **Areas of focus are low human capital and poor infrastructure**.

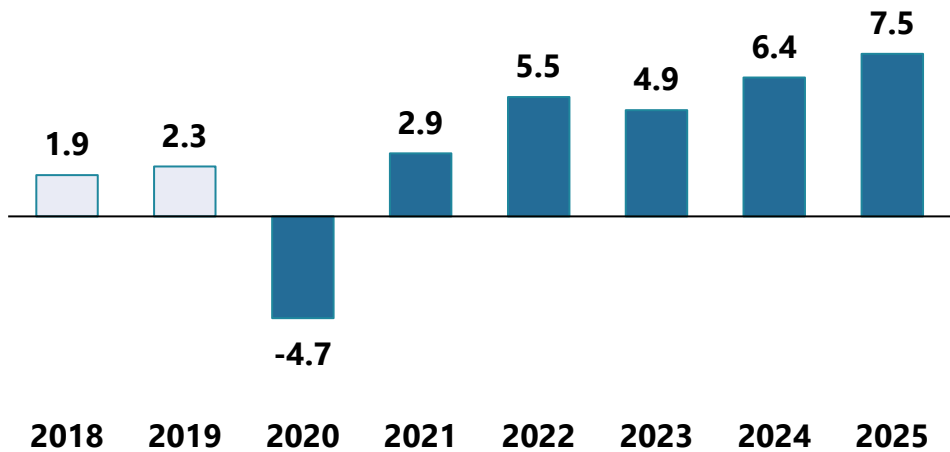


Macroeconomic Projections for the MTNDP(2021-2025): Results

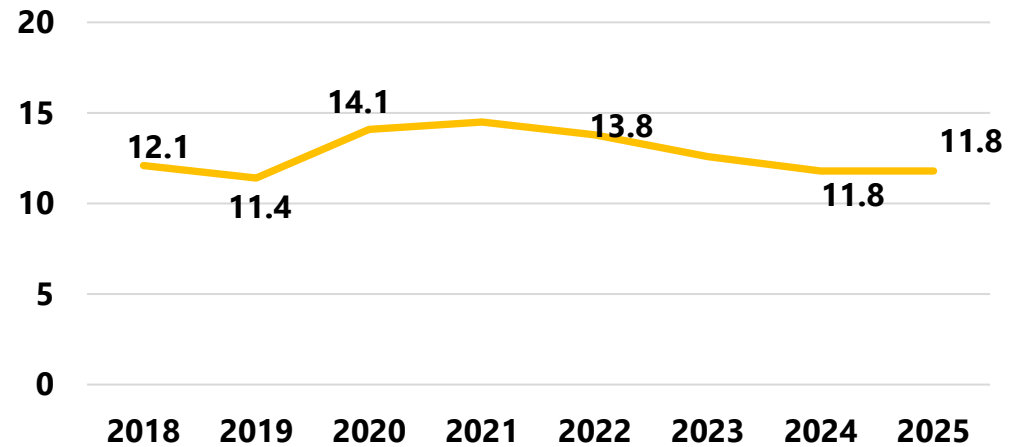
Macroeconomic Projections for the MTNDP

1. REAL INDICATORS

Nigeria's GDP Growth (%): Probable Scenario



Nigeria's Inflation Rate (%): Probable Scenario

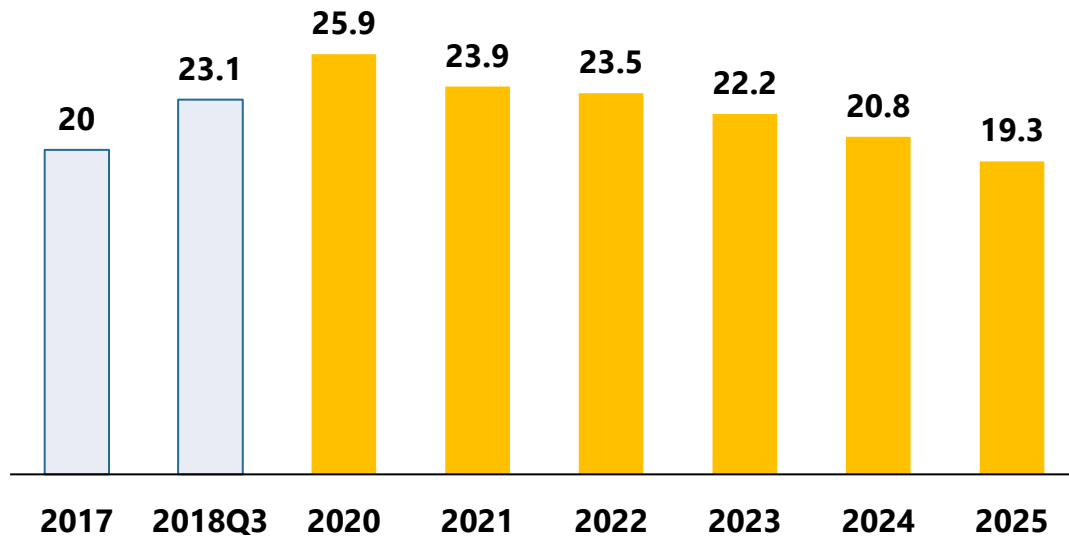


	2020	2021	2022	2023	2024	2025
GDP (current market prices) (N'B)	147,875.1	166,083.7	189,089.1	212,571.0	240,722.7	273,985.4
Private Consumption Expenditure (N'B)	118,868.90	126,607.40	143,900.50	162,705.70	184,719.30	211,616.60
Gross fixed capital formation (N'B)	40,728.50	40,868.90	41,821.80	43,381.80	45,640.60	48,499.90
Public Investment (N'B)	2,572.00	3,097.30	3,601.30	4,099.40	4,749.70	5,503.30
Private Investment (N'B)	38,156.40	37,771.60	38,220.50	39,282.40	40,890.90	42,996.70

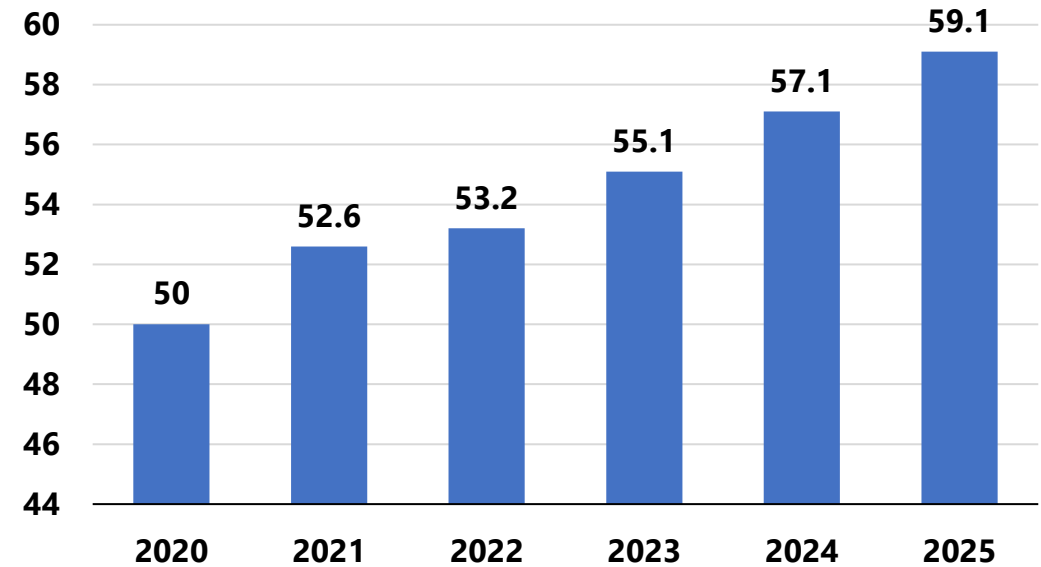
Macro Projections Cont.

2. DEVELOPMENT INDICATORS

Nigeria's Unemployment Rate (%)

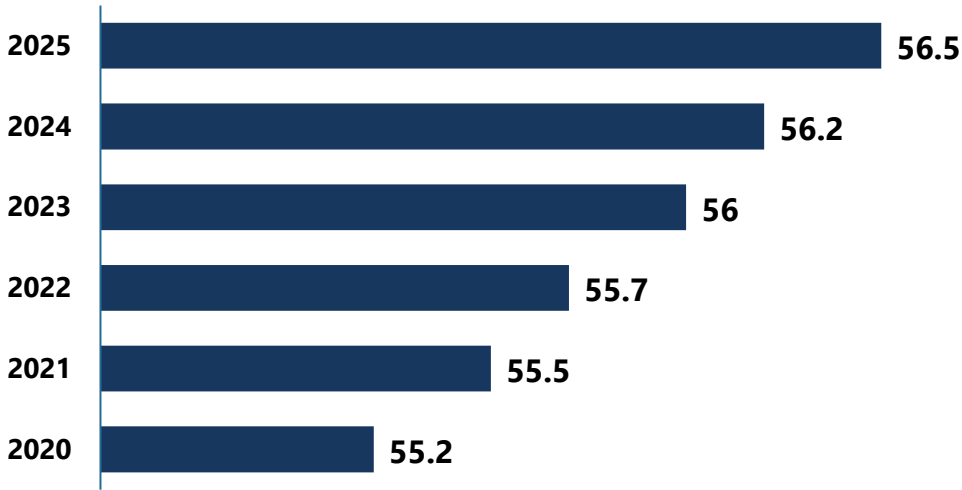


Total Full Employment (M)

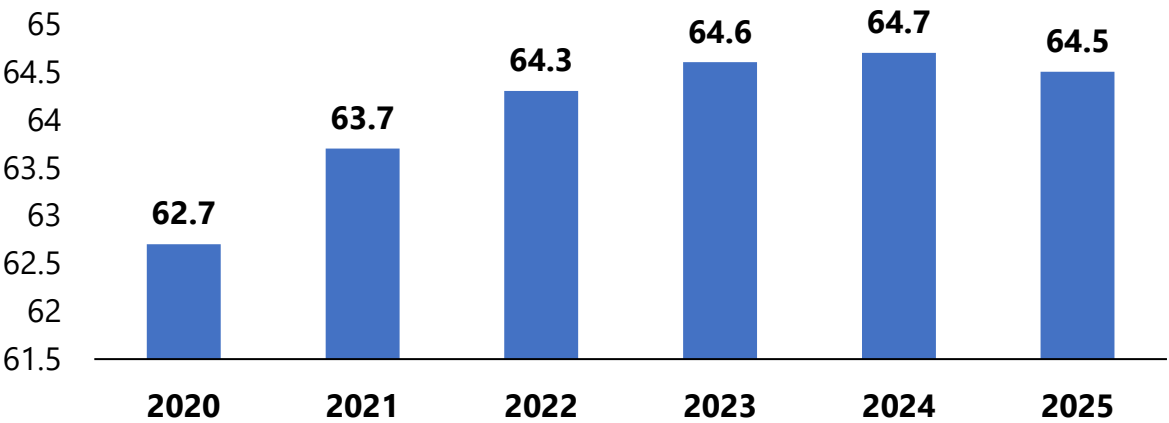


Detailed Macro Projections Cont.

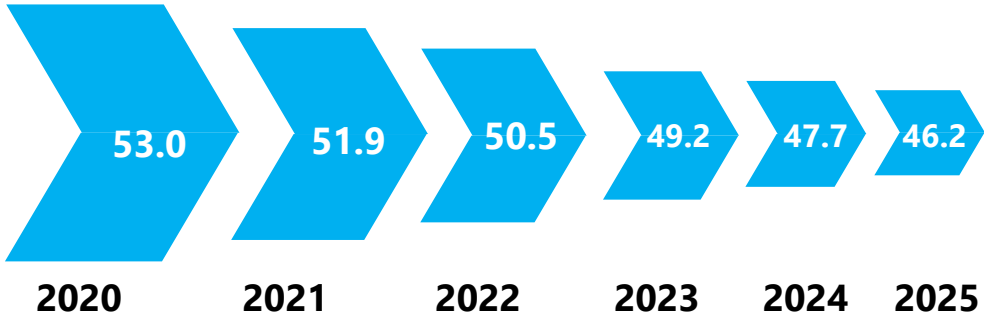
Life Expectancy at Birth (yrs)



Adult Literacy Rate (%)

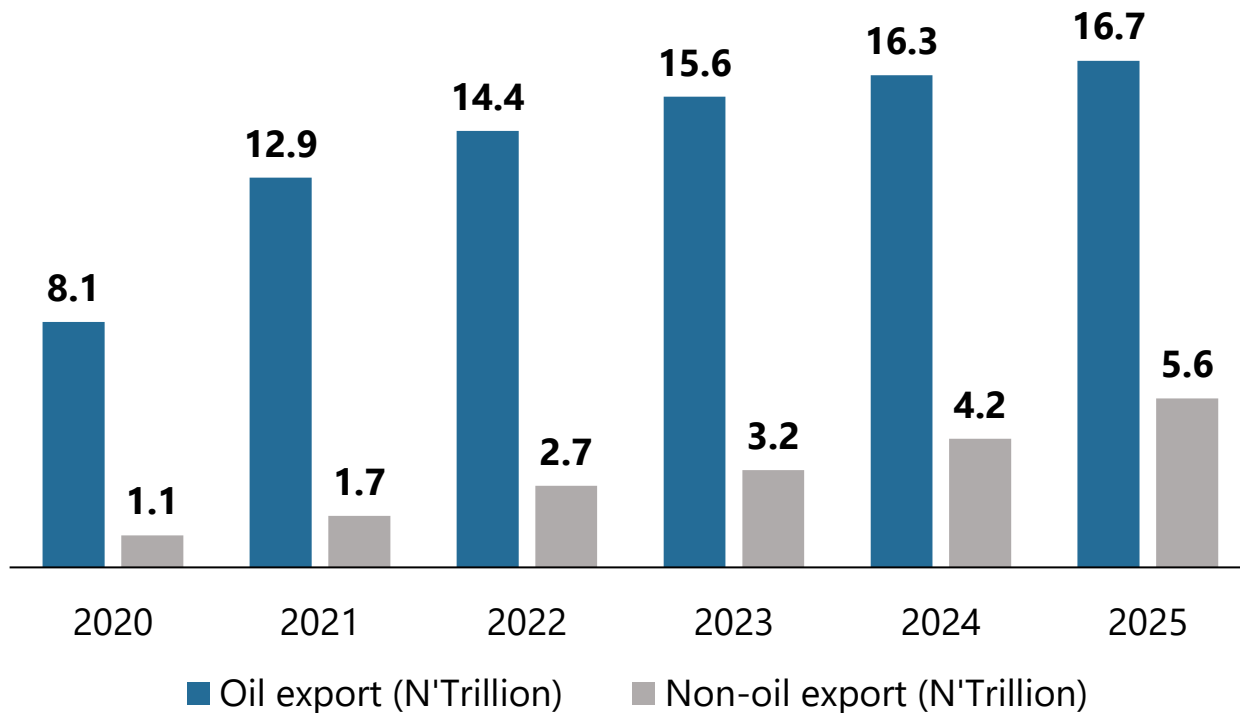


Nigeria's Poverty Rate (%)

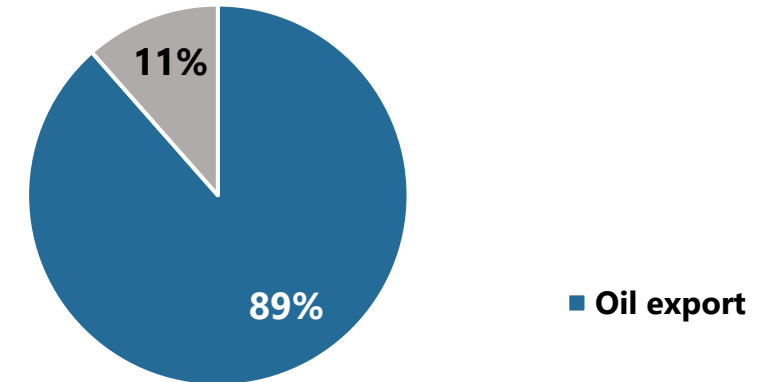


Detailed Macro Projections Cont.

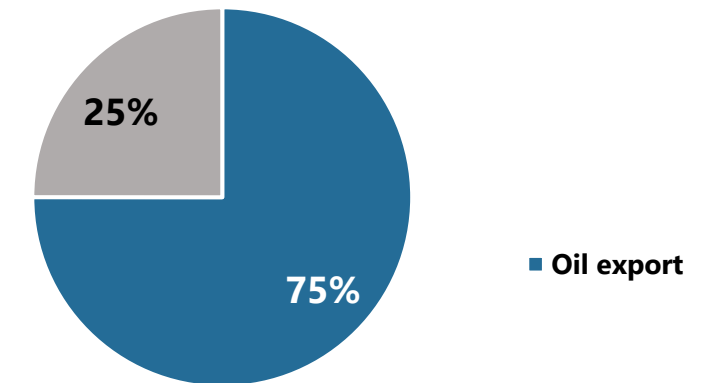
3. EXTERNAL SECTOR



Breakdown of Export, 2020



Breakdown of Export, 2025



Detailed Macro projections Cont.

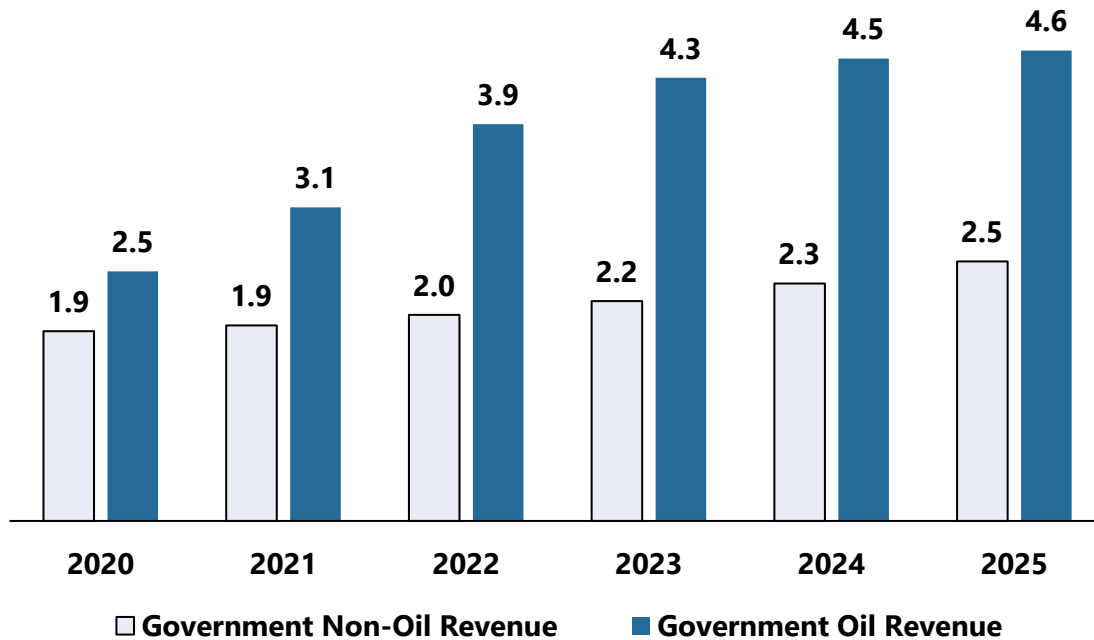
3. EXTERNAL SECTOR

	2020	2021	2022	2023	2024	2025
Foreign direct investment, net inflows (BoP, current N'B)	463.1	714.8	925.9	1,090.9	1,295.3	1,547.8
Net Foreign Portfolio Investment (N' B)	72,334.2	78,426.5	86,496.7	95,673.0	106,241.4	118,272.5
Foreign debt (N'B)	9,784.4	9,690.6	8,902.9	8,071.8	7,445.9	6,953.9
Remittances (N'B)	6,652.3	7,380.2	7,569.1	7,990.1	8,634.0	9,520.6
Current Account Balance (N'B)	5,377.7	12,515.0	15,423.5	17,266.7	19,025.8	20,615.6

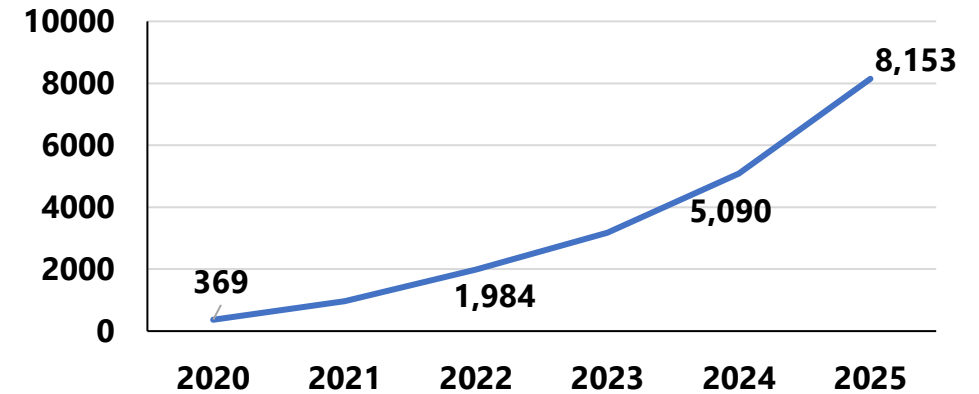
Detailed Macro Projections Cont.

4. FISCAL SECTOR

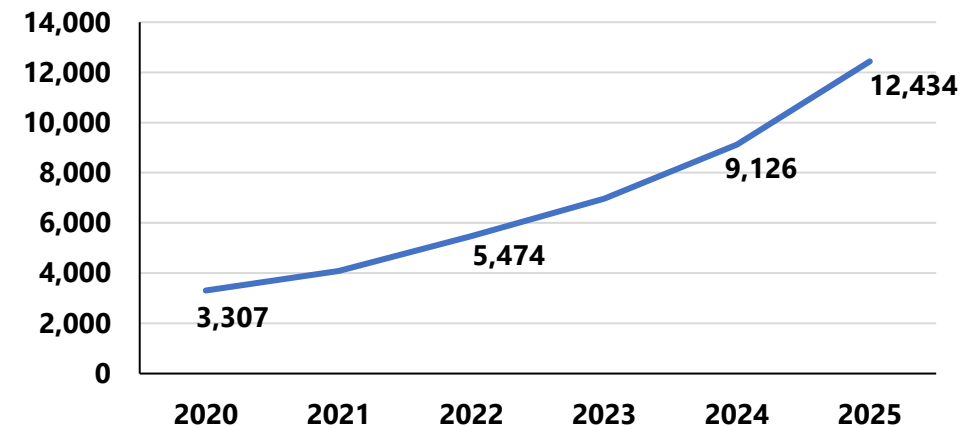
Government Revenue Trillion Naira



Federal Independent Revenue (N'B)



Total Federal Revenue (N'B)



Detailed Macro Projections Cont.

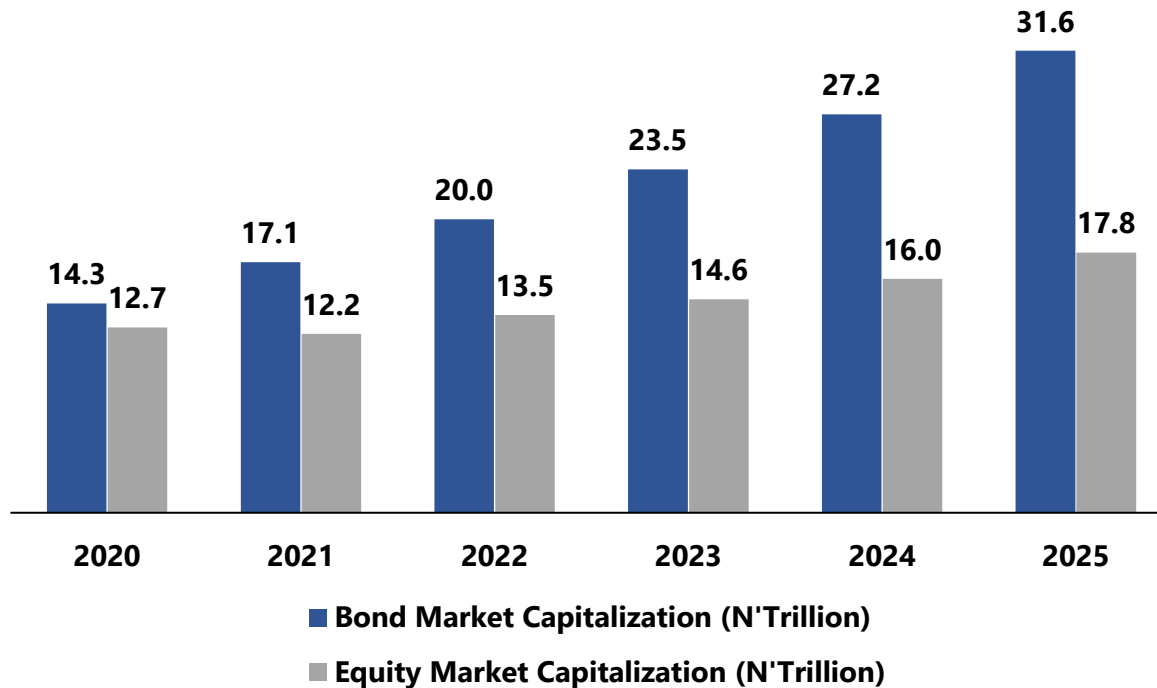
4. FISCAL SECTOR

	2020	2021	2022	2023	2024	2025
Total Federal Expenditure (N'B)	7,655.10	9,394.80	10,882.10	12,863.10	14,773.20	17,254.10
Federal Deficit-to-GDP ratio (%)	-2.92	-3.19	-2.85	-2.76	-2.34	-1.75

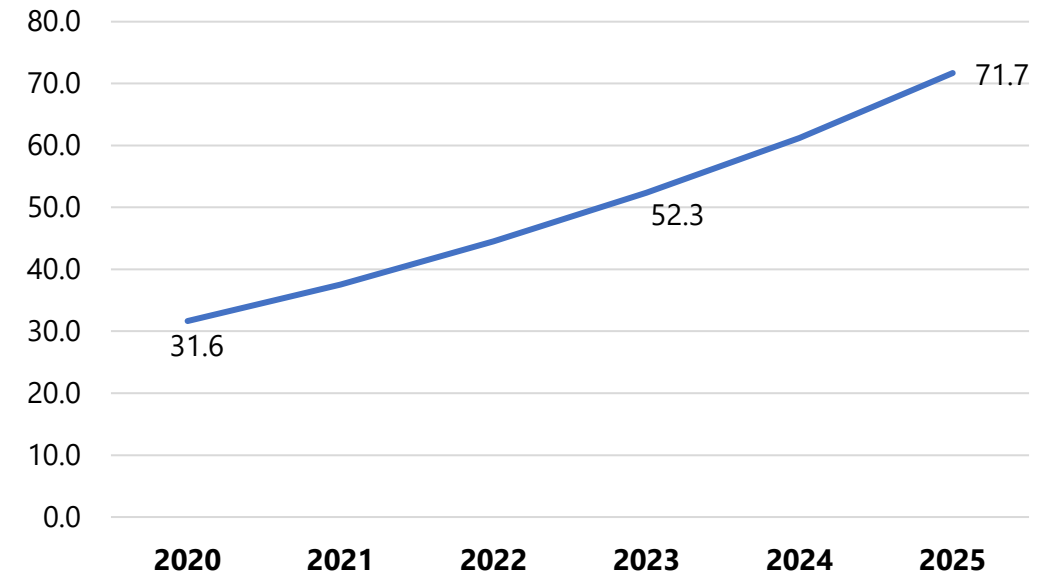
Detailed Macro projectionsCont.

5. MONETARY/FINANCIAL SECTOR

Market Capitalization



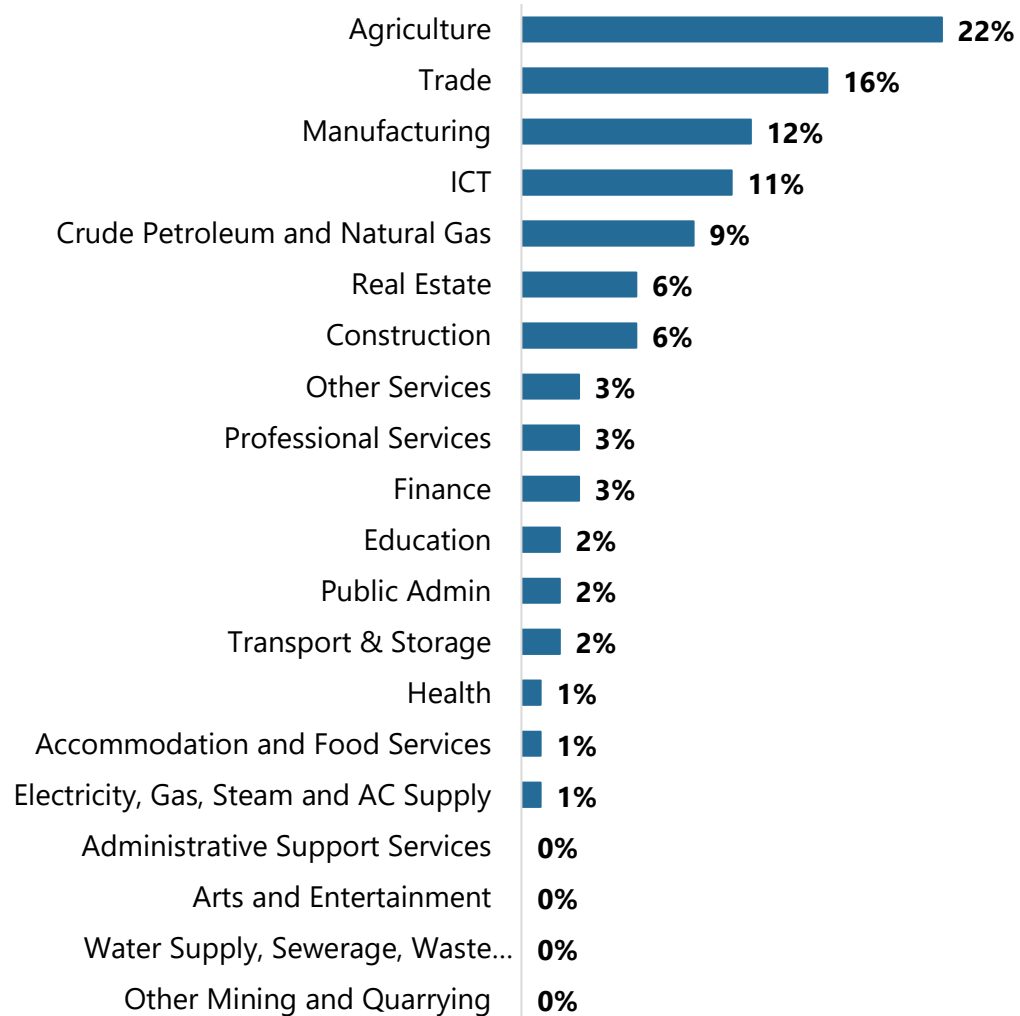
Broad money (current N'Trillion)



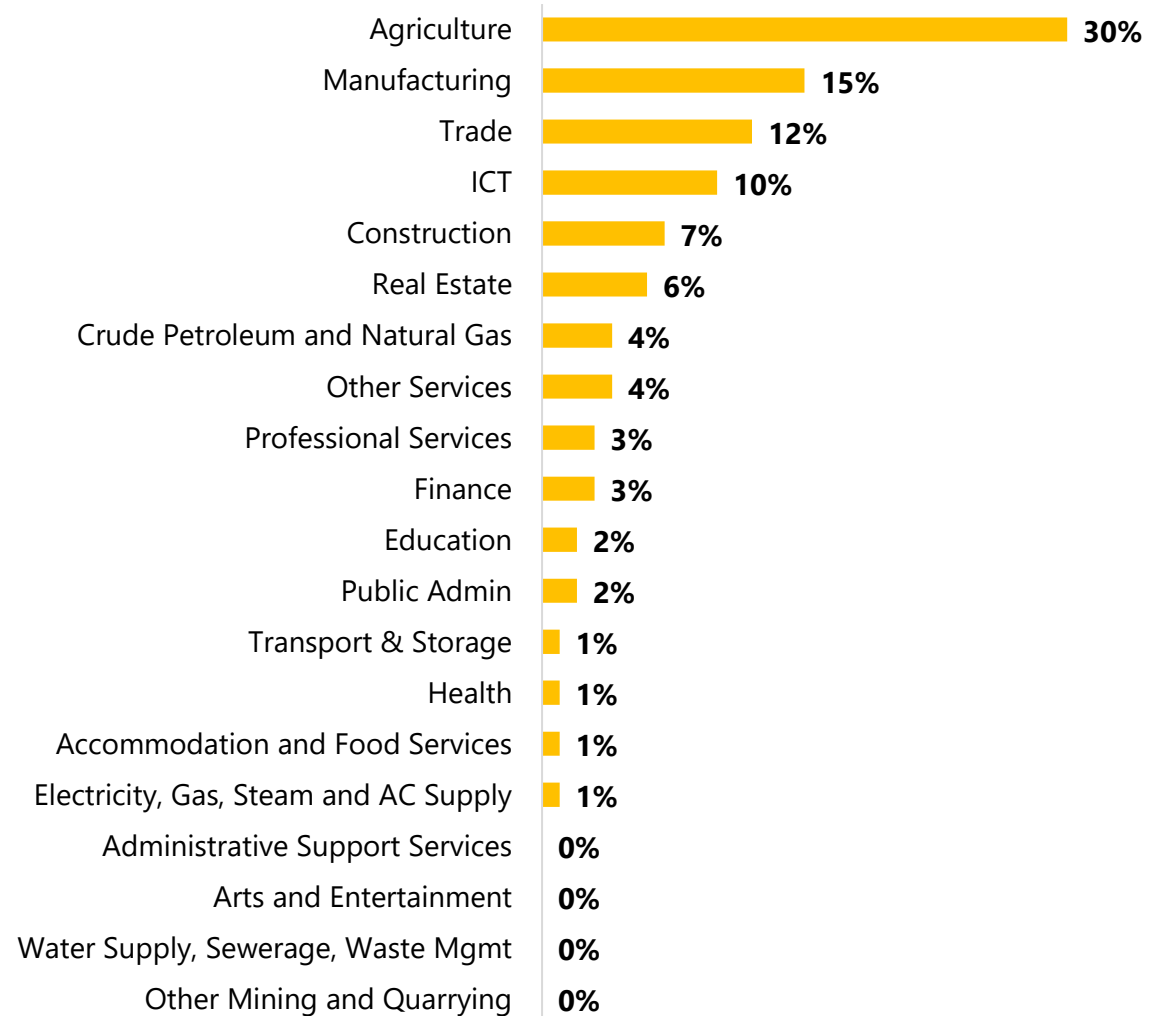
Nigeria emerges as an industrializing country

Nominal GDP (% Distribution)

2019

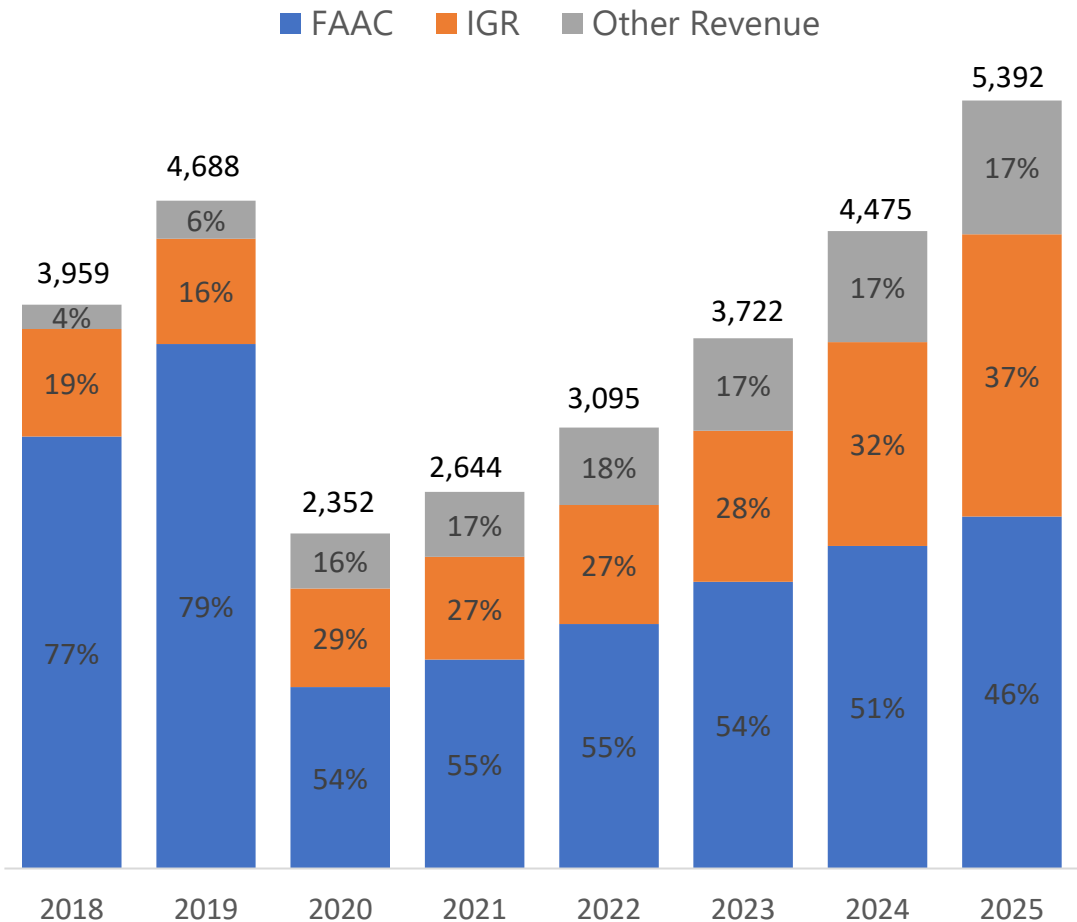


2025

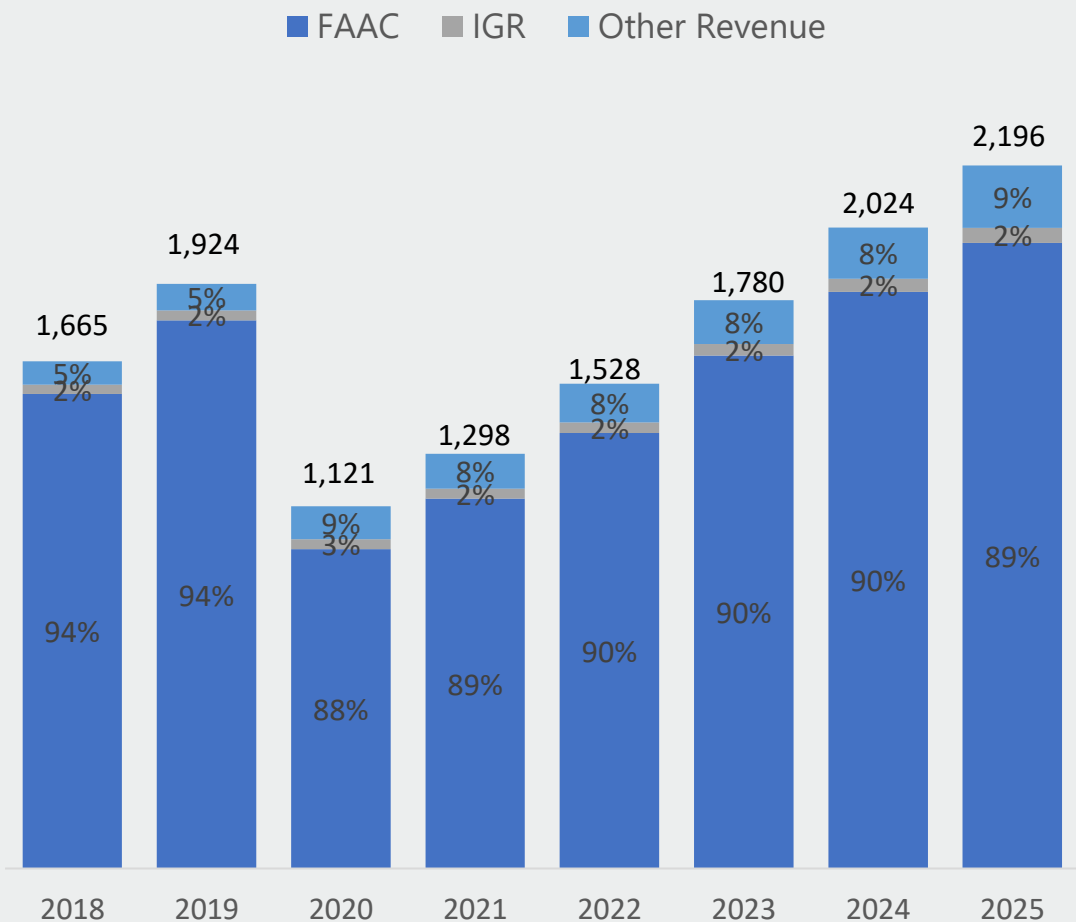


IGR would replace FAAC as the main revenue source for States while status quo remains for LGAs

Composition of States' Revenue by Sources
(N'Billion)



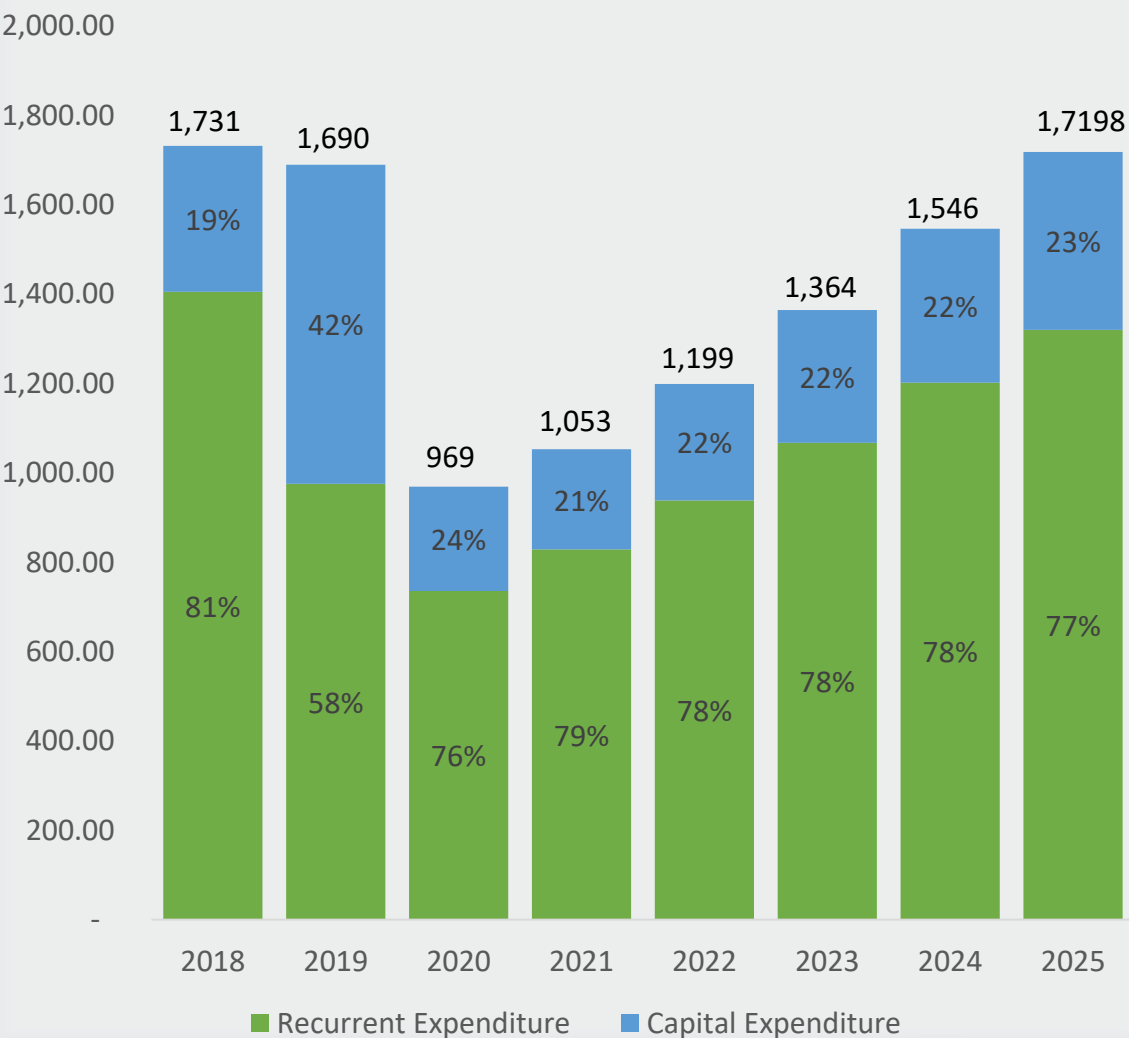
Composition of LGAs' Revenue by Sources
(N'Billion)



LGAs would continue to spend more on salaries and other recurrent expenditure

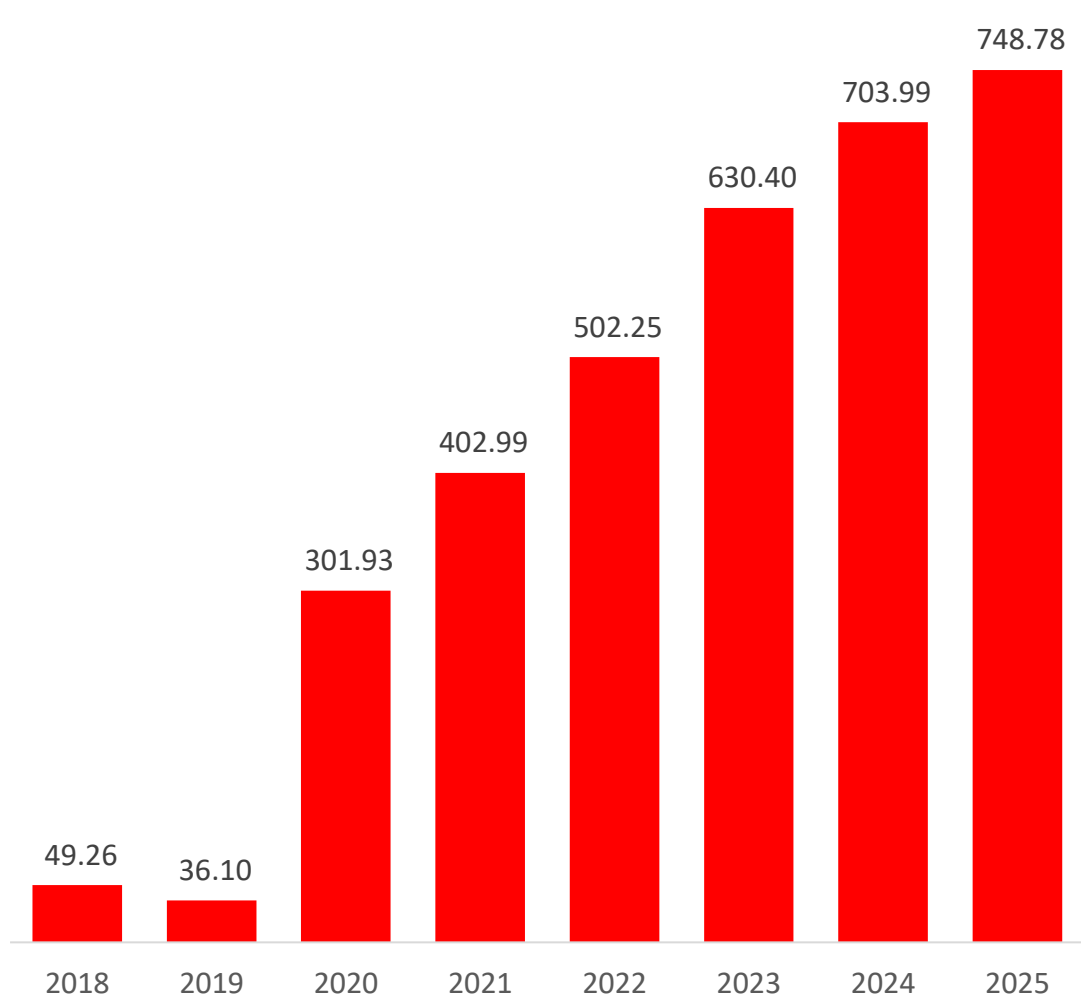
LGAs' Total Expenditure

(N'Bilion)



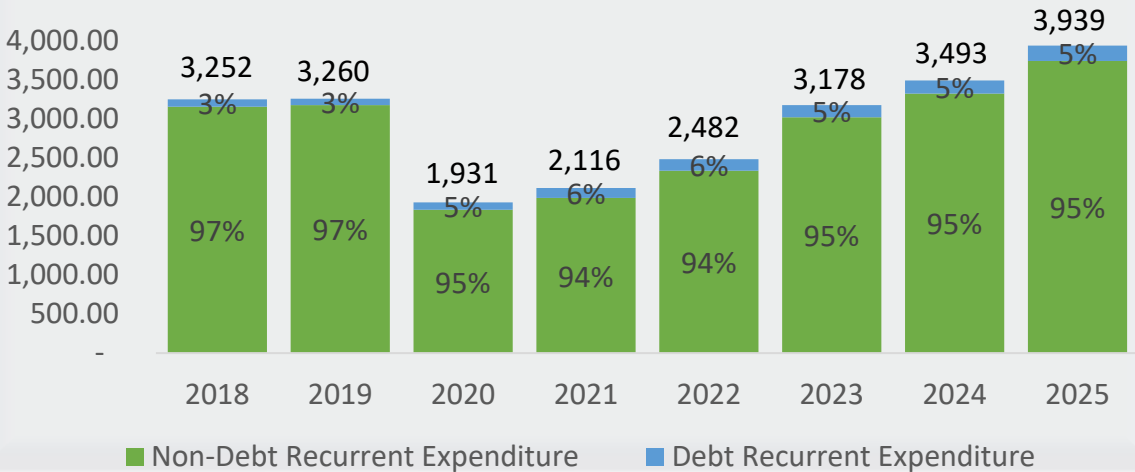
Composition of LGAs' Budget Deficit

(N'Bilion)

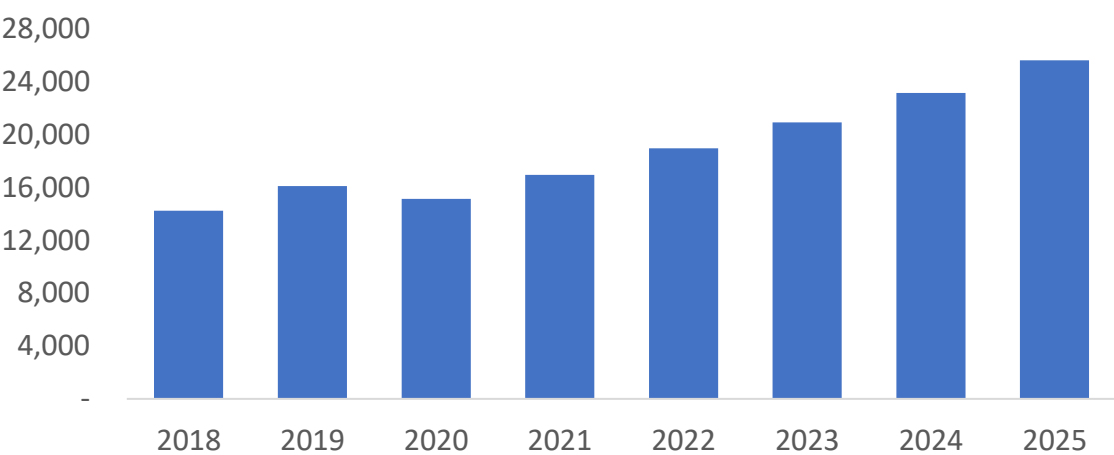


States would face fiscal stress and mounting domestic debts

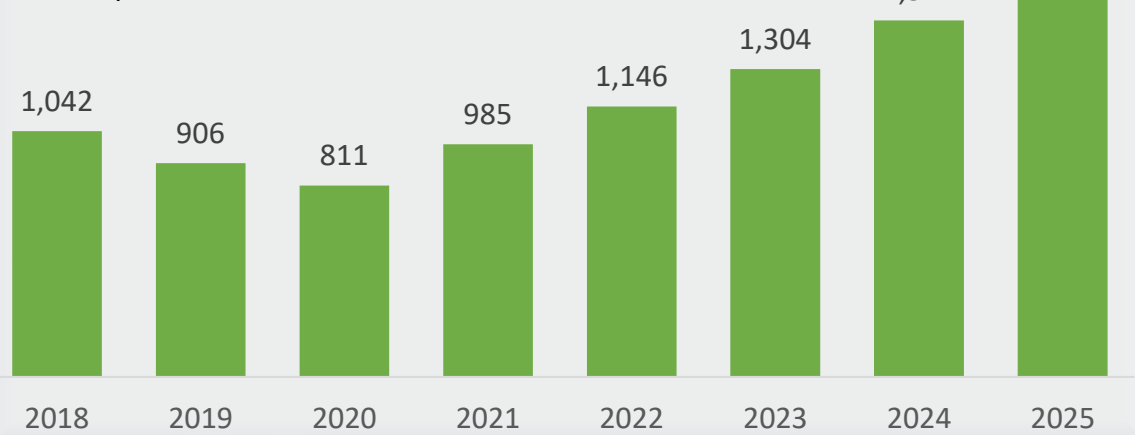
States' Recurrent Expenditure
(N'Billion)



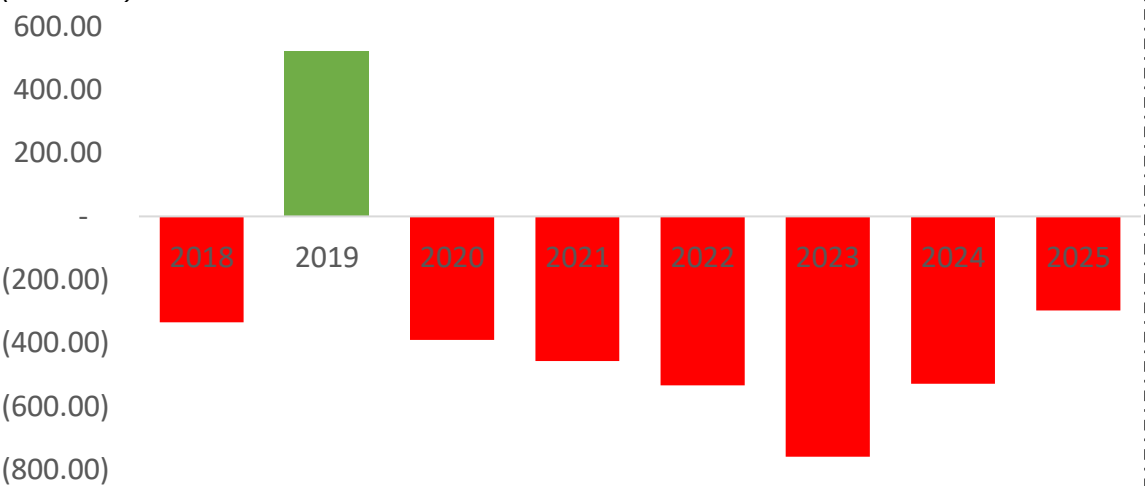
States' Domestic Debt
(N'Billion)



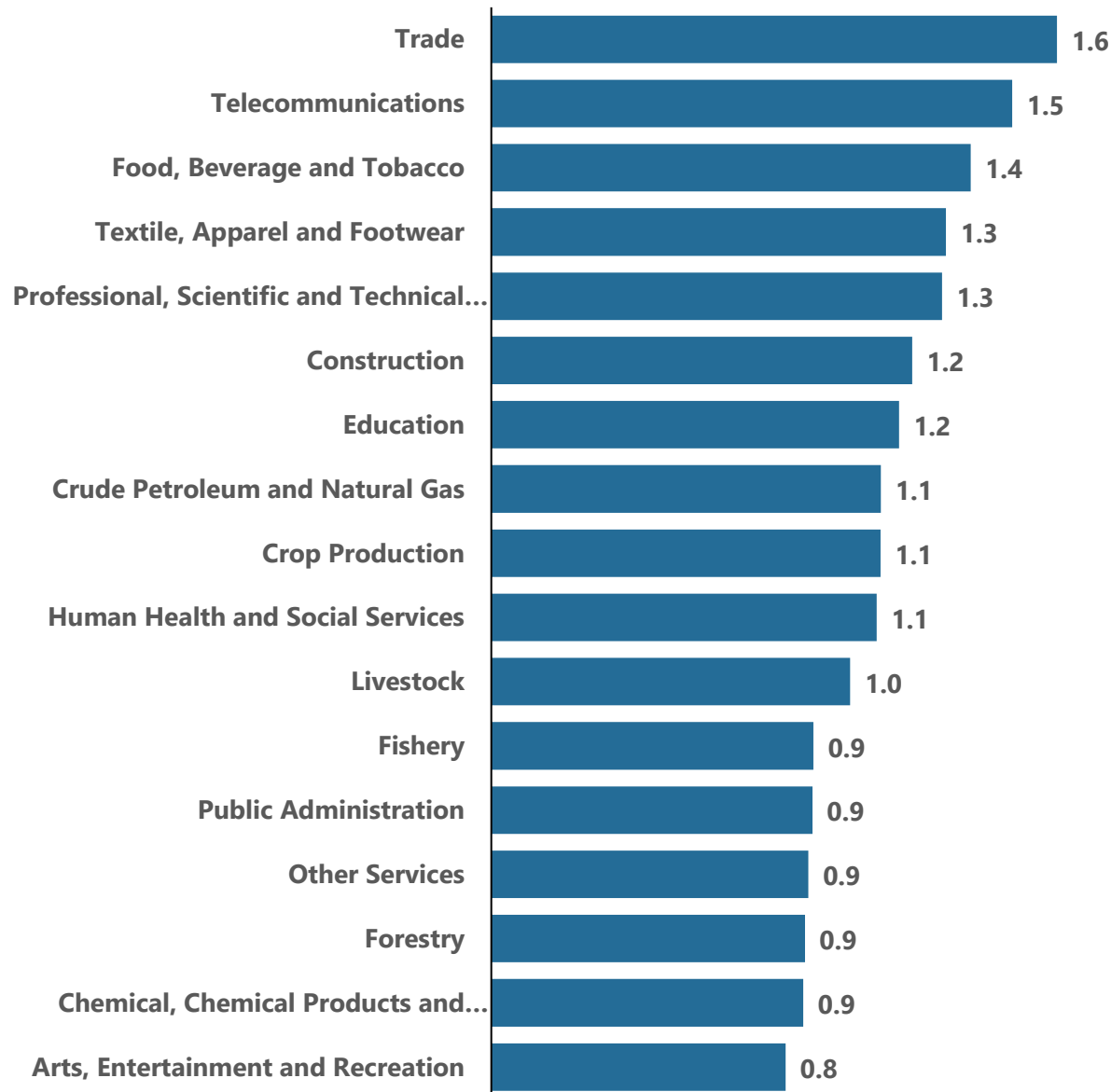
States' Capital Expenditure
(N'Billion)



States' Budget Deficit
(N'Billion)



Sectors that can drive Nigeria's significant potentials



Different weight assigned



Output



Income



Employment



Linkages

- Trade, telecommunications are the leading sectors.
- Manufacturing, Construction, Crude Petroleum & Natural Gas, Education, agriculture rank top ten sectors.
- Some of the leading sectors trade, agriculture education, will help address poverty, and gender related issues.

Key Findings and Policy Implications

Policy Focus next 5 Years



Enable, resource and promote key sectors identified by the IO model

- Some required direct investment
- Others need policy support



Provide enablers of development

- Infrastructure (power, transportation, energy, ICT, etc)
- Institutions (governance, security, legal frameworks, etc)



Strengthen intersectoral, interregional linkages

- (rural-urban, urban-urban) linkages



Promote private sector participation in the economy

- Macroeconomic stability
- Policy and regulatory stability



Improve government financing to enable the State play a developmental role

- Governments at all levels must be resourced to play developmental role

Thank you